

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS				
<i>Juvenile Justice Delinquency Program</i>	CITY-WIDE EXPENSES		(\$40,000)	(\$40,000)
Reduces the Juvenile Justice Delinquency Grant and related revenue from the federal government appropriated in the 2008-2009 Adopted Operating Budget to reflect the actual figure that is eligible to be reimbursed through August 2008.				
<i>Juvenile Justice and Delinquency Prevention 2008 Grant</i>	CITY-WIDE EXPENSES		\$469,533	\$469,533
Recognizes and appropriates funds to Parks, Recreation and Neighborhood Services Department from the United States Department of Justice for the Juvenile Justice and Delinquency Prevention Grant. This funding, which will be administered through the San José BEST program, will be used to enhance services which may include gang mediation and intervention services, services to adjudicated youth, parent/family support, capacity building, and community gang awareness trainings.				
<i>Martin Park Landfill</i>	CAPITAL PROJECTS		\$213,000	\$213,000
Provides additional funding for the construction of a passive interceptor trench and vapor barrier around the perimeter of the Martin Park Landfill. This project, which began in 2007-2008, requires additional funding to fully mitigate elevated levels of landfill methane gas detected at the park. The Environmental Services Department has applied for a matching grant (\$213,000) that will offset these increased costs. The City has been coordinating this landfill remediation effort and/or weekly monitoring activity with the Local Enforcement Agency California Integrated Waste Management Board for review and approval.				
<i>South San José Police Substation Exterior Public Art</i>	CAPITAL PROJECTS		\$100,000	\$100,000
At the request of the Council Member, establishes a South San José Police Substation Exterior Public Art appropriation reflecting a reimbursement of funds from the District 8 Parks Construction and Conveyance Tax Fund. The City Attorney's Office has advised that available Parks Construction and Conveyance Tax Fund funding could be used to reimburse prior General Fund funded project expenditures provided that the Parks Construction and Conveyance Tax funds were available during the same fiscal year that the General Fund funding was expended on the project. Therefore, a reimbursement of \$100,000 from the District 8 Parks Construction and Conveyance Tax Fund to the General Fund for the Groesbeck Hill Park - Perimeter Landscaping project (\$104,563 expended in 2002-2003) is recommended in this document.				

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS				
<i>State Homeland Security Training</i>	POLICE		\$11,852	\$11,852
This action recognizes one-time reimbursement funding (\$6,552) from the State Homeland Security Program for four members of the San José Police Department (SJPD) Bomb Squad to attend the National Tactical Officers Association Breachers conference in November 2008. This action also recognizes and appropriates revenue (\$5,300) to the Department for costs incurred for the Large Vehicle Bomb Post Blast Investigation Training that was attended by the SJPD in July 2008.				
<i>State of the City Convocation</i>	CITY-WIDE EXPENSES		\$20,000	\$20,000
Allocates additional funding for the State of the City Convocation to align the amount of funding anticipated to be received for this event with its projected costs.				
<i>Summer Safety Initiative Pilot Program</i>	CITY-WIDE EXPENSES		\$100,000	\$100,000
Recognizes and appropriates funds from the Santa Clara County District Attorney's Office for the Summer Safety Initiative. The City of San José, together with the County, has allocated a total of \$342,804 in one-time funding to administer this program (\$242,804 from the City of San José and \$100,000 from the Office of the District Attorney). This funding will enhance the capacity of the Parks, Recreation and Neighborhood Services Department for keeping youth active and engaged during the summer. This pilot will allow Mayor's Gang Prevention Task Force staff to outreach to both gang-impacted and gang-involved youth.				
<i>Super UASI TEWG Grant</i>	CITY-WIDE EXPENSES		(\$196,073)	(\$196,073)
This action eliminates funding included in the 2008-2009 Adopted Operating Budget from the Bay Area Super Urban Area Security Initiative (SUASI) for San José Police Department participation in the South Bay Terrorism Early Warning Group (TEWG). Due to unforeseen changes in the administration of this grant, the Department is currently renegotiating the grant amount with SUASI and will return to Council for appropriation when a new grant is awarded.				
<i>Urban Forestry Grants</i>	CITY-WIDE EXPENSES		\$219,000	\$219,000
Recognizes and establishes funds from the California Department of Forestry and Fire Protection for acceptance of two Urban Forestry Grants. The two grants received will provide funding for the development of Best Management Practices for San José's urban forest (\$105,000) and to assist in the development of an inventory of San José's urban forest (\$114,000).				
<i>Waste Tire Enforcement Grant Program</i>	PLAN, BLDG AND CODE ENF		\$121,207	\$121,207
Increases the allocation for the Waste Tire Enforcement Program that is funded by the California Integrated Waste Management Board. The contract for this program in 2008-2009 has been increased by the State to provide additional services for the proper disposal of tires.				

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS				
<i>Wellness Program</i>	HUMAN RESOURCES		\$45,091	\$45,091
Recognizes and appropriates \$45,091 received from Blue Shield and unused Flexible Spending Account funds to fund Wellness Program enhancements. The funding recommended in this action will augment the program to include high priority programs not previously budgeted. These programs include additional smoking cessation classes and health risk appraisal coaching for at risk employees.				
<i>Wellness Program Reserve</i>	EARMARKED RESERVES		\$42,000	\$42,000
Increases the Wellness Program Earmarked Reserve to reflect additional revenue received from Blue Shield that is recommended to be allocated in the 2009-2010 budget process.				
TOTAL GRANTS/REIMBURSEMENTS			\$1,105,610	\$1,105,610
DEVELOPMENT FEE PROGRAMS				
<i>Building Fee Program Earmarked Reserve</i>	EARMARKED RESERVES		(\$45,200)	
This action decreases the Building Fee Program Earmarked Reserve to fund Building's portion of the FileNet Server Replacement (\$10,000) and AMANDA Integrated Development Tracking System (\$35,200) projects.				
<i>Computer Replacement</i>	PLAN, BLDG AND CODE ENF		\$10,000	
This action provides funding for the replacement of seven personal computer workstations and the upgrade of various software packages for the Planning Development Fee Program. This increase is recommended to be entirely offset by a reduction to the Planning Fee Program Earmarked Reserve.				
<i>Consultant Services for Tracking System</i>	PLAN, BLDG AND CODE ENF		\$75,000	
Provides funding of \$75,000 for a review of the AMANDA Integrated Development Tracking System in order to determine the costs to migrate the AMANDA permit tracking system to new web browser based software architecture. This increase is recommended to be entirely offset by a reduction to the Building (\$35,200), Planning (\$18,600), Public Works (\$12,800), and Fire (\$8,400) Fee Program Earmarked Reserves.				

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
DEVELOPMENT FEE PROGRAMS				
<i>FileNet Server Replacement</i>	PLAN, BLDG AND CODE ENF		\$20,000	
Provides funding of \$20,000 for the replacement of the FileNet server for the Development Fee Program. The current server has reached the end of its useful life and has had multiple consecutive days of unscheduled downtime impacting the development fee program's customers. This increase is recommended to be entirely offset by a reduction to the Building (\$10,000), Planning (\$6,000), Public Works (\$2,000), and Fire (\$2,000) Fee Program Earmarked Reserves.				
<i>Fire Development Services Resources</i>	FIRE		\$10,000	
This action provides funding for consultant services to conduct plan checks and inspections when peaks in the development process occur. This brings the total available for consultant services to \$40,000. This increase is recommended to be entirely offset by a reduction to the Fire Fee Program Earmarked Reserve.				
<i>Fire Fee Program Earmarked Reserve</i>	EARMARKED RESERVES		(\$20,400)	
Decreases the Fire Fee Program Earmarked Reserve by \$20,400 to fund plan check and inspection consultant resources (\$10,000), and Fire's portion of the Development Services AMANDA Integrated Development Tracking System (\$8,400) and FileNet Server Replacement (\$2,000) projects.				
<i>Planning Fee Program Earmarked Reserve</i>	EARMARKED RESERVES		(\$34,600)	
This action decreases the Planning Fee Program Earmarked Reserve to fund computer replacement (\$10,000) and Planning's portion of the FileNet Server Replacement (\$6,000) and AMANDA Integrated Development Tracking System (\$18,600) projects.				
<i>Public Works Development Fee Program Consultant Services</i>	PUBLIC WORKS		\$98,000	
This action provides funding for consultant services to assist the Public Works Department in restructuring its fee service delivery model. A corresponding decrease to the Public Works Development Fee Program Earmarked Reserve to offset this action is recommended.				
<i>Public Works Development Fee Program Staffing</i>	PUBLIC WORKS		\$132,400	
This action increases the Public Works Development Fee Program's Personal Services appropriation to fund increased staffing costs associated with the Department's effort to restructure its Development Fee Program. A corresponding decrease to the Public Works Development Fee Program Earmarked Reserve to offset this action is recommended.				

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
DEVELOPMENT FEE PROGRAMS				
<i>Public Works Fee Program Earmarked Reserve</i>	EARMARKED RESERVES		(\$245,200)	
This action decreases the Public Works Fee Program Earmarked Reserve to fund increased staffing costs (\$132,400), restructuring the fee service delivery model (\$98,000), and Public Work's portion of the replacement of a FileNet Server (\$2,000) and AMANDA Integrated Development Tracking System (\$12,800) projects.				
TOTAL DEVELOPMENT FEE PROGRAMS			\$0	\$0
REQUIRED TECHNICAL ADJUSTMENTS				
<i>Chinese Historical Cultural Project</i>	CITY-WIDE EXPENSES		\$12,000	
Establishes an appropriation for expenses related to the Chinese Historical Cultural Project. During the 2005-2006 budget process, the City Council approved a contribution of \$3,000 a year to create a long-term maintenance fund for the Ng Shing Temple, located at History Park. The agreement also requires History San José and the Chinese Historical Project to contribute \$1,000 each per year. The \$12,000 represents the City's share for 2005-2006 through 2008-2009.				
<i>City Hall Debt Service Payments</i>	TRANSFERS		(\$310,000)	
A reduction to the Transfer to the City Hall Debt Service Fund for the General Fund's share of the debt service payment for City Hall is recommended. This adjustment is necessary to reflect the appropriate spread of debt service costs among funds based on the overhead plan that was not completed until June 2008.				
<i>City Hall Debt Service Payments: Bldg Fee Program Reserve</i>	EARMARKED RESERVES		\$18,060	
This action reduces the Building Development Fee Program's payment for City Hall Debt Service to reflect the appropriate spread of debt service costs among funds based on the overhead plan that was not completed until June 2008. The funds are recommended to be returned to the reserve.				
<i>City Hall Debt Service Payments: Fire Fee Program Reserve</i>	EARMARKED RESERVES		\$71,179	
This action reduces the Fire Development Fee Program's payment for City Hall Debt Service to reflect the appropriate spread of debt service costs among funds based on the overhead plan that was not completed until June 2008. The funds are recommended to be returned to the reserve.				

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL ADJUSTMENTS				
<i>City Hall Debt Service Payments: Planning Fee Program Reserve</i>	EARMARKED RESERVES		\$9,383	
This action reduces the Planning Development Fee Program's payment for City Hall Debt Service to reflect the appropriate spread of debt service costs among funds based on the overhead plan that was not completed until June 2008. The funds are recommended to be returned to the reserve.				
<i>City Hall Debt Service Payments: Public Works Fee Program Reserve</i>	EARMARKED RESERVES		\$85,727	
This action reduces the Public Works Development Fee Program's payment for City Hall Debt Service to reflect the appropriate spread of debt service costs among funds based on the overhead plan that was not completed until June 2008. The funds are recommended to be returned to the reserve.				
<i>Convention and Cultural Affairs Fund Overhead</i>	REVENUE ADJUSTMENTS			(\$513,721)
Due to changes in the overhead rate as re-calculated by the Finance Department for the Convention and Cultural Affairs Fund, a reduction to the transfers and reimbursements revenue estimate in the General Fund is required.				
<i>Economic Uncertainty Reserve/Sale of Surplus Property</i>	EARMARKED RESERVES		\$311,000	\$311,000
On August 19, 2008 the City Council approved the sale of property located on North Ninth Street in the amount of \$311,000. Per City Council policy, the proceeds from this sale are to be allocated to the Economic Uncertainty Reserve.				
<i>State Budget Actions</i>	EARMARKED RESERVES		\$600,000	
Establishes an Earmarked Reserve to address any impacts to the General Fund from the recent adoption of the State budget, including those related to Jail Booking Fees and SB 90 State mandate reimbursements.				
<i>Tech Adjust: PG&E Land Settlement Proceeds</i>	TRANSFERS		\$2,213,744	\$2,213,744
Increases the revenue estimate for Transfers and Reimbursements and establishes a Transfer to the Sewage Treatment Plant Connection Fee Fund to reflect proceeds received from the San José-Santa Clara Treatment Plant Income Fund to repay funds and associated interest to the Sewage Treatment Plant Connection Fee Fund. Proceeds from a PG&E land settlement was originally transferred in 2007-2008 from the Sewage Treatment Plant Connection Fee Fund to the General Fund, however, should have been made from the San José-Santa Clara Treatment Plant Income Fund.				
TOTAL REQUIRED TECHNICAL ADJUSTMENTS			\$3,011,093	\$2,011,023

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
2008-2009 FISCAL/PROGRAM NEEDS				
<i>Arena Employee Parking</i>	TRANSPORTATION		\$37,500	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation. The 2008-2009 Adopted Budget assumed that the San Jose Redevelopment Agency (SJRA) would take over financial responsibility from the City for Arena employee parking beginning July 1, 2008. Based on an agreement between the City and SJRA, SJRA will not be able to assume this responsibility until October 1, 2008.</p>				
<i>Census 2010 Outreach</i>	CITY-WIDE EXPENSES		\$250,000	
<p>Funding is necessary to conduct outreach for completion of Census 2010. In the past, the State has provided funding for outreach efforts to ensure an accurate assessment of the State's population. It is anticipated that the State will no longer pay for these costs. The County has also set aside \$250,000 for this effort. An accurate population count is very important as this information is used for revenue distribution by various funding agencies.</p>				
<i>Economic Development Pre-Development Activities</i>	CITY-WIDE EXPENSES		\$300,000	
<p>Establishes funding to expedite economic development initiatives that advance the City's Economic Development Strategy. In particular, this funding will be used for City Attorney's Office, Planning, Building and Code Enforcement, and Public Works Department work to support the recent Tesla Corporation economic initiative.</p>				
<i>Economic Uncertainty Reserve</i>	EARMARKED RESERVES		\$5,000,000	
<p>An increase to the Economic Uncertainty Reserve by using available ending fund balance from 2007-2008 is recommended. These funds will help maintain the City's financial stability by better preparing for unforeseen economic circumstances. With this proposed action and the additional funding from the sale of property located on North Ninth Street elsewhere in this document, this reserve would total \$15.3 million, similar to the level of the reserve when it was first established in 2000-2001. This is particularly important given the deteriorating economic environment that is currently impacted by the collapse of the financial markets, high fuel costs, stock market volatility, and continued fall out from the housing crisis. The \$15.3 million Economic Uncertainty Reserve would be equivalent to approximately 10% of the City's annual Sales Tax receipts.</p>				
<i>Emergency Operations Center Furniture</i>	POLICE		\$50,000	
<p>Included in the 2008-2009 Adopted Budget is a transfer of funds (\$1,071,000) from the Emergency Communication System Support (ECSS) Fee Fund to purchase furnishings associated with the Public Safety Bond Program 9-1-1 Call Center remodel. It has now been determined that additional funding is needed to cover the costs associated with the Emergency Public Information Office (PIO) area. These costs can not be supported by the ECSS Fee Fund.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
2008-2009 FISCAL/PROGRAM NEEDS				
<i>Happy Hollow Park and Zoo Fixtures, Furnishings and Equipment</i>	CAPITAL PROJECTS		\$237,000	
Establishes a new appropriation for the purchase of fixtures, furnishings and equipment (FF&E) for the newly renovated Happy Hollow Park and Zoo. This funding will enable the Parks, Recreation and Neighborhood Services Department to purchase FF&E items for the newly renovated facility, which is anticipated to re-open to the public in fall 2009. A corresponding decrease to the Parks and Recreation Bond Projects allocation is also included in this document.				
<i>Parks and Recreation Bond Projects</i>	CAPITAL PROJECTS		(\$237,000)	
Decreases funding in the Parks and Recreation Bond Projects allocation and shifts funding to the Happy Hollow Park and Zoo Fixtures, Furnishings and Equipment project. The Parks and Recreation Bond Projects General Fund allocation provides funding for Parks and Recreation Bond project-related expenditures at regional facilities that are not allowed under or not included in the San José Safe Neighborhood Parks and Recreation Bond.				
<i>Police Department Recruiting Efforts</i>	POLICE		\$100,000	
This action allocates one-time funding to assist the San José Police Department in recruiting sufficient qualified candidates to fill both sworn and non-sworn academy classes. The additional funding will allow the Department to expand advertising, increase attendance at job fairs, expand recruiting efforts outside the Bay Area, and allocate additional staff to complete background checks more expeditiously. This funding is in addition to the \$75,000 that was allocated in the Mayor's June Budget Message to be used by the Police, Fire, and Human Resources Departments for proactive public safety recruitment and training efforts. Discussions between the three departments are currently underway and the recommendation for the allocation of the funding to each department will be going to the Public Safety, Finance and Strategic Support Committee in October 2008.				

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
2008-2009 FISCAL/PROGRAM NEEDS				
<i>Retirement Pre-Payment Reserve</i>	EARMARKED RESERVES		\$1,800,000	(\$1,500,000)
<p>One of the General Fund balancing strategies that was approved by the City Council as part of the 2008-2009 Adopted Budget was the pre-payment of the City's contribution to its two retirement plans. To allow time for implementation of this strategy and its approval by the retirement boards, these savings were assumed to be available in 2009-2010. In August, the City was successful in completing all of the tasks necessary to implement this strategy in 2008-2009 and one-time savings are now available. Because the lump sum payment of City required contributions were calculated based on assumptions concerning the City's payroll, there will need to be an adjustment (true-up) following the close of each fiscal year in order to reflect the actual payroll amount. Due to the uncertainty of the true-up amount, it is recommended that these funds be placed in an earmarked reserve until final payments are known and an ongoing reserve level can be properly established. If this reserve level proves to be overfunded, it is recommended that the savings be used towards funding the City's GASB 43/45 health care liability. The cost savings will result by reductions to departmental personal services appropriations of \$3.3 million due to early payment, offset by a reduction of \$1.5 million for foregone interest earnings.</p>				
<i>Retirement Pre-Payment Savings</i>	CITY ATTORNEY		(\$73,287)	
<i>Retirement Pre-Payment Savings</i>	CITY AUDITOR		(\$14,441)	
<i>Retirement Pre-Payment Savings</i>	CITY CLERK		(\$10,972)	
<i>Retirement Pre-Payment Savings</i>	CITY MANAGER		(\$60,435)	
<i>Retirement Pre-Payment Savings</i>	ECONOMIC DEVELOPMENT		(\$20,693)	
<i>Retirement Pre-Payment Savings</i>	EMERGENCY SERVICES		(\$2,859)	
<i>Retirement Pre-Payment Savings</i>	ENVIRONMENTAL SERVICES		(\$1,524)	
<i>Retirement Pre-Payment Savings</i>	FINANCE		(\$62,049)	
<i>Retirement Pre-Payment Savings</i>	FIRE		(\$815,118)	

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
2008-2009 FISCAL/PROGRAM NEEDS				
<i>Retirement Pre-Payment Savings</i>	GENERAL SERVICES		(\$85,210)	
<i>Retirement Pre-Payment Savings</i>	HUMAN RESOURCES		(\$38,848)	
<i>Retirement Pre-Payment Savings</i>	INDEPENDENT POLICE AUDITOR		(\$4,814)	
<i>Retirement Pre-Payment Savings</i>	INFORMATION TECHNOLOGY		(\$67,803)	
<i>Retirement Pre-Payment Savings</i>	LIBRARY		(\$105,179)	
<i>Retirement Pre-Payment Savings</i>	MAYOR & COUNCIL		(\$8,042)	
<i>Retirement Pre-Payment Savings</i>	PARKS, REC AND NEIGH SVCS		(\$191,886)	
<i>Retirement Pre-Payment Savings</i>	PLAN, BLDG AND CODE ENF		(\$192,539)	
<i>Retirement Pre-Payment Savings</i>	POLICE		(\$1,374,996)	
<i>Retirement Pre-Payment Savings</i>	PUBLIC WORKS		(\$14,018)	
<i>Retirement Pre-Payment Savings</i>	REDEVELOPMENT AGENCY		(\$11,106)	
<i>Retirement Pre-Payment Savings</i>	TRANSPORTATION		(\$116,610)	
<i>Retirement Pre-Payment Savings - Development Fee Program</i>	PUBLIC WORKS		(\$27,571)	

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
---------------	-------------------	------------------	-------------------------------	---------------------------

2008-2009 FISCAL/PROGRAM NEEDS

South San José Police Substation Fiber Optic Cabling

CAPITAL PROJECTS

\$35,000

Increases the South San José Police Substation Fiber Optic Cabling project to provide sufficient funding to complete this project. In the 2008-2009 Adopted Budget, a total of \$545,000 was allocated for this project, but \$35,000 more in funding is required. This project provides funding to plan, install, and deploy fiber optic network connections to the new South San José Police Substation.

TOTAL 2008-2009 FISCAL/PROGRAM NEEDS

\$4,272,500

(\$1,500,000)

PREVIOUS COUNCIL DIRECTION

2009-2010 Future Deficit Reserve

EARMARKED
RESERVES

\$4,000,000

Per Council policy, this action allocates 35% of the net available ending fund balance from 2007-2008 to establish a reserve to help address the 2008-2009 deficit estimated in the 2009-2013 Five-Year Forecast that was released in February 2008.

Airport West Proceeds Reserve

EARMARKED
RESERVES

\$2,302,740

This action reflects the impact of higher revenues and lower costs associated with the Airport West Property and sets these funds aside in a reserve. In 2008-2009, a net increase of \$1.14 million to General Fund revenue is anticipated and reflects the \$6 million in option payments from the Airport West Property offset by a \$4.86 million reduction in lease payments from the Airport for this property. In addition, a \$1.62 million reduction to the debt service payment for this property is anticipated based on the refinancing of that property. A portion of the option payments (\$450,000) is recommended to be used to cover the interest accrued in 2008-2009 on the outstanding commercial paper issued by the Airport associated with the property. The remaining funds are recommended to be set aside in this Airport West Proceeds Reserve. In compliance with the Mayor's June Budget Message, all net proceeds from the Airport West sale are to be set aside for possible use during the Mid-Year Budget Review.

Airport West/FMC Option Payments

CITY-WIDE
EXPENSES

\$1,135,394

In 2008-2009, the City is expected to receive \$6 million in option payments from developers associated with the Airport West property.

These option payments (\$6 million per year for two years) were designed to cover the costs associated with this property during the two-year escrow period, including debt service costs and interest on outstanding commercial paper associated with this property. This technical adjustment reflects the option payment from the developers of \$6.0 million partially offset by the elimination of the lease payments (\$4,864,606) received by the General Fund from the Airport Maintenance and Operations Fund for its portion of the debt service payments for this property.

General Fund Recommended Budget Adjustments Summary

Annual Report 2007-2008

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
PREVIOUS COUNCIL DIRECTION				
<i>Airport West/Transfer to Airport Revenue Fund</i>	TRANSFERS		\$450,000	
<p>In 2008-2009, the City is expected to receive \$6 million in option payments from developers associated with the Airport West property. These option payments (\$6 million per year for two years) were designed to cover the costs associated with this property during the two-year escrow period, including debt service costs and interest on outstanding commercial paper associated with this property. This action transfers a portion of the option payments from the General Fund to the Airport Revenue Fund to cover interest accruing on outstanding commercial paper issued to the Airport related to Airport West property for 2008-2009.</p>				
<i>Fiber Optics Fund Partial Loan Repayment</i>	TRANSFERS		\$1,802,695	
<p>Per City Council policy, this action allocates 15% of the net available ending fund balance from 2007-2008 to repay a portion of the outstanding Fiber Optics Development loan. This loan, which currently has a balance of \$4.7 million is due to be repaid to the Sewage Treatment Connection Fee Fund by June 2011.</p>				
<i>Street Maintenance and Repair Reserve</i>	EARMARKED RESERVES		\$5,802,000	
<p>Per City Council policy, this action allocates one-half of the net available ending fund balance funds from 2007-2008 for a recommended reserve for street maintenance and repair activities.</p>				
<i>Tech Adjust: FMC Debt Service</i>	CITY-WIDE EXPENSES		(\$1,617,346)	
<p>This action decreases the FMC Debt Service appropriation to reflect the lower debt service amount due in 2008-2009 as a result of the refunding of the City of San José Financing Authority Lease Revenue Bonds, Series 2005A and Series 2008B with the Series F at the end of 2007-2008. When this property was refinanced, the City was able to reduce the principal outstanding by decreasing the amount of bonds that had been issued by the Airport to improve the property.</p>				
TOTAL PREVIOUS COUNCIL DIRECTION			\$12,740,089	\$1,135,394

GENERAL FUND AUGMENTATION / REDUCTION TOTALS

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
	\$21,129,292	\$2,752,027